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ACTION: CH(05)

INFO: EAP (04) P (01) RA (01) EP (02)
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CIME-00 C-01 OAS-00 DINT-05 DODE-00 EB-00 E-01
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E.O. 12356: N/A
TAGS: PREL, APEC, ENRG, CH, SENV, EINW

SUBJECT: CHINESE VICE PREMIER REMARKS ON U.S.-PRC
RELATIONS ON EVE OF CLINTON-JIANG MEETING

1. SUMMARY: ON NOVEMBER 16 IN BEIJING, VICE PREMIER ZOU JIAHUA, SPEAKING TO AN AMERICAN BUSINESS AUDIENCE AND VISITING ACTING ASSISTANT SECRETARY OF ENERGY SIEGEL, PRESENTED AN UPBEAT VIEW OF PROSPECTS FOR U.S.-CHINA RELATIONS. THE THRUST OF ZOU'S REMARKS WAS THAT U.S.-CHINA RELATIONS SHOULD BE BASED ON MUTUAL BENEFIT RATHER THAN DIFFERENCES IN SOCIAL SYSTEMS. ZOU ALSO IDENTIFIED THE AREAS OF MUTUAL ADVANTAGE EACH SIDE BRINGS TO COMMERCIAL COOPERATION, AND SAID THAT THE PRC IS DETERMINED TO PROTECT THE INTERESTS OF U.S. INVESTORS IN CHINA, IMPLYING THAT AMERICAN BUSINESS INTEREST, PARTICULARLY IN THE ENERGY FIELD, WOULD BENEFIT FROM AN IMPROVED U.S.-CHINA RELATIONSHIP. END SUMMARY.

2. IN CONNECTION WITH THE NOVEMBER 15-17 '93 CHINA-U.S. ENERGY CONFERENCE CO-SPONSORED BY THE STATE SCIENCE AND TECHNOLOGY COMMISSION AND THE CHINESE-AMERICAN INSTITUTE OF ENGINEERS AND SCIENTISTS, VICE PREMIER ZOU JIAHUA MET WITH ABOUT 100 CONFERENCE PARTICIPANTS AT THE GREAT HALL OF THE PEOPLE ON NOVEMBER 17. BESIDES BEING RESPONSIBLE FOR ENERGY AND OTHER RESOURCE INDUSTRIES AND INFRASTRUCTURE, ZOU OVERSEES STATE PLANNING. HE MADE A SPECIAL EFFORT TO MEET WITH THE U.S. VISITORS, HAVING BEEN HOSPITALIZED FOR ILLNESS DURING THE JUST-COMPLETED THIRD PLENUM. DESPITE HIS RECENT ILLNESS, ZOU WAS FOCUSED AND ENERGETIC.

3. IN HIS INITIAL REMARKS, ZOU CITED THE UPCOMING PRESIDENTS' MEETING AS VERY IMPORTANT IN U.S.-CHINA RELATIONS. HE TOOK NOTE OF THE CONFERENCE'S PURPOSE

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OF PROMOTING COOPERATION IN ENERGY, AND SAID THAT THE PRC WAS WILLING TO COOPERATE WITH FRIENDLY COUNTRIES AND COMPANIES TO DEVELOP CHINA'S ENERGY RESOURCES. HIGHLIGHTING MR. SIEGEL'S PARTICIPATION IN THE CONFERENCE AND MEETINGS WITH CHINESE OFFICIALS, ZOU SAID THAT SIEGEL'S PRESENCE WAS EVIDENCE THAT THE USG IS PAYING MORE ATTENTION TO CHINA.

4. FOLLOWING REMARKS BY MR. SIEGEL ON HIS CURRENT VISIT (SEPT-10 TO FOLLOW), THE VICE PREMIER INTERVIEWED SEVERAL PROMINENT U.S. CONFERENCE PARTICIPANTS TO MAKE REMARKS. WHILE LISTENING TO MR. WOODY WILLIAMS OF GENERAL ELECTRIC DESCRIBE HIS COMPANY'S INTEREST IN ENERGY COOPERATION IN CHINA, ZOU INTERRUPTED TO ASK, "DOES YOUR INTEREST INCLUDE EQUIPMENT FOR NUCLEAR POWER?" WILLIAMS ANSWERED IN THE AFFIRMATIVE.

5. AFTER LISTENING ATTENTIVELY TO SEVERAL AMERICAN PARTICIPANTS, ZOU SAID THEIR REMARKS SHOWED THEIR DESIRE TO WORK WITH CHINA IN THE ENERGY AREA. HE PARTICULARLY EXPRESSED HIS GOVERNMENT'S INTEREST IN EXPANDED GOVERNMENT-TO-GOVERNMENT ENERGY COOPERATION. HE REVIEWED THE HISTORY OF U.S. OIL COMPANIES WORKING IN OFFSHORE AREAS AND CHINA'S RECENT OPENING ONSHORE. TURNING TO COAL, HE NOTED THE INTEREST OF U.S. DOE AND AMERICAN COMPANIES IN HELPING CHINA UTILIZE CLEAN AND EFFICIENT

TECHNOLOGIES.

6. MENTIONING THAT CHINA HAS ONLY DEVELOPED TEN PERCENT OF ITS HYDROPOWER POTENTIAL, ZOU SAID THERE WOULD BE RAPID DEVELOPMENT OF HYDROPOWER IN THE COMING YEARS. STATING THAT CHINA'S INTEREST IN NUCLEAR TECHNOLOGY WAS FOR NUCLEAR POWER PLANTS, HE EXPLAINED THAT WAS WHY HE ASKED WHETHER GENERAL ELECTRIC WAS WILLING TO COOPERATE IN THIS AREA. AT THAT POINT, THE SCIENCE COMMISSION OFFICIAL SEATED NEXT TO ZOU ADDED THAT USG POLICIES REGARDING SALES OF RELATED EQUIPMENT TO THE PRC "SHOULD BE DECIDED BY U.S. DOE AND U.S. PRIVATE COMPANIES."

7. MOVING TOWARD BROADER AREAS, ZOU SAID THAT THE UNITED STATES AND CHINA HAVE MANY OPPORTUNITIES TO COOPERATE IN AREAS OTHER THAN ENERGY. HE CITED AMERICAN'S RELATIVE ADVANTAGE IN MANAGEMENT EXPERIENCE, TECHNOLOGY, QUALIFIED PERSONNEL AND CAPITAL. ZOU LISTED CHINESE ADVANTAGES AS NATURAL RESOURCES, RELATIVELY CHEAP LABOR, AN INDUSTRIAL BASE BUILT OVER THE PAST FORTY YEARS AND A HUGE MARKET.

HE SUMMARIZED THE POSSIBILITIES FOR COMMERCIAL COOPERATION BY SAYING, "I BELIEVE THAT COMBINING THE ADVANTAGES OF EACH SIDE WILL MEET THE INTERESTS OF BOTH SIDES."

8. CITING A SPEECH VICE PREMIER AND FOREIGN MINISTER QIAN QICHEN GAVE IN LOS ANGELES ON HIS WAY TO

SEATTLE, ZOU SAID THAT RELATIONS ARE NOT BUILT ONLY ON SOCIAL SYSTEMS BUT ALSO ON MUTUAL BENEFIT, AND FURTHER THAT U.S.-CHINA RELATIONS BUILT ON A BASE OF MUTUAL BENEFIT WILL PROMOTE THE CAUSE OF WORLD PEACE.

9. ELABORATING ON THE PRINCIPLE OF "MUTUAL BENEFIT," THE VICE PREMIER SAID, "WE WELCOME U.S. INVESTMENT IN CHINA. BECAUSE OUR BILATERAL RELATIONSHIP CAN'T DEVELOP IF IT ONLY BENEFITS ONE SIDE OR THE OTHER, THE CHINESE GOVERNMENT IS DETERMINED TO PROTECT THE

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INTERESTS OF FOREIGN INVESTORS IN CHINA. ONCE WE
ESTABLISH THE U.S.-CHINA RELATIONSHIP UPON A BASIS OF
MUTUAL COOPERATION, ALL PROBLEMS CAN BE SOLVED."

10. COMMENT: WITH THIS WEEK'S PRESIDENTS' MEETING
IN SEATTLE IMMINENT, ZOU'S EMPHASIS ON DEVELOPING
U.S.-CHINA RELATIONS ON THE BASIS OF "MUTUAL BENEFIT
RATHER THAN SOCIAL SYSTEMS" MAY FORESHADOW THEMES
PRESIDENT JIANG ZEMIN AND FOREIGN MINISTER QIAN
QICHEN WILL STRESS THIS WEEK IN SEATTLE. AS WE HAVE
INDICATED IN EARLIER REPORTING, IT APPEARS LIKELY
THAT THE CHINESE WILL TAKE A PRAGMATIC AND
FORWARD-LOOKING APPROACH IN THEIR MEETINGS IN SEATTLE.

11. THIS MESSAGE WAS NOT CLEARED BY ACTING ASSISTANT
SECRETARY SIEGEL.
HALLFORD

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